

Message Text

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ACTION NEA-09

INFO OCT-01 AF-06 EUR-12 ISO-00 AGR-05 DOTE-00 AID-05

CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 TRSE-00

XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01

STR-01 CEA-01 DODE-00 PM-03 H-01 L-02 NSC-05 PA-01

PRS-01 SS-15 USIA-06 SAJ-01 IGA-01 FPC-01 FEAE-00

OES-03 /111 W

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R 120451Z FEB 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 2221

INFO AMEMBASSY BONN

AMEMBASSY COLOMBO

AMEMBASSY DAMASCUS

AMEMBASSY KHARTOUM

AMEMBASSY KIGALI

AMEMBASSY SANAA

AMCONSUL FRANKFURT

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: EAID, KU, GW

SUBJECT: GERMAN COOPERATION WITH LOCAL AID FUNDS

1. WE HAVE LEARNED THAT KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT (KFAED) AND KUWAIT-BASED ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT (AFESD) ARE LIKELY TO COOPERATE CLOSELY ON SEVERAL PROJECTS WITH KREDITENSTALT FUR WIEDERAUFBAU (KFW), THE SEMI-AUTONOMOUS GERMAN DEVELOPMENT AID AGENCY HEADQUARTERED IN FRANKFURT. DR. BEXKER OF KFW, AN OLD AND RESPECTED FRIEND OF ABD AL-LATIF AL-HAMAD WAS IN TOWN RECENTLY FOR DISCUSSIONS

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WITH KFAED AND AFESD.

2. ACCORDING GERMAN EMBOFF THERE LIKELY TO BE PARALLEL FINANCING WITH KFAED IN SRI LANKA (ROADS), RWANDA (COMMUNICATIONS), SUDAN (IRRIGATION) AND SOUTH YEMEN (ROADS). KFW LIKELY TO WORK TOGETHER WITH AFESD IN NORTH YEMEN (ELECTRIFICATION) AND SYRIA (CATTLE BREEDING).

3. GERMAN EMBOFF SAID LOCAL DEVELOPMENT AID FUNDS EAGER TO WORK WITH KFW WHICH HAS RECORD OF INDEPENDENCE AND APPROACH TO DEVELOPMENT THAT APPEALS TO DIRECTORS OF BOTH FUNDS. APPARENTLY DR. BECKER'S REPUTATION ALSO COUNTS FOR A GREAT DEAL. KFAED AND AFESD HAVE NOT RPT NOT BEEN EAGER TO COOPERATE WITH OTHER, MORE PURELY GOVERNMENTAL GERMAN AID AGENCIES. GERMAN EMBOFF SAID KFW HAD AGREEMENT WITH IBRD WHICH APPARENTLY FITS IN WELL WITH KFAED AND AFESD PLANS, ALTHOUGH LOCAL FUND DIRECTORS TEND NOT TO BE WILLING TO TIE THEMSELVES INTO BLANKET AGREEMENTS. THEY PREFER TO MAINTAIN INDEPENDENCE AND YET TO CONSULT WITH KFW ON SPECIFIC INDIVIDUAL PROJECTS.

4. COMMENT AND ACTION REQUESTED: GERMANS SEEM TO HAVE MOVED FAR AHEAD IN WORKING WITH KFAED AND AFESD ON AID PROJECTS BOTH IN AND BEYOND ARAB WORLD. GERMAN EXPERIENCE INDICATES THAT TIME FOR A DIALOGUE BETWEEN USG AND LOCAL AGENCIES MAY BE AT HAND. MOREOVER, RECENT VISIT BY EXIMBANK OFFICIALS REVEALED THAT AREAS OF COOPERATION BETWEEN LOCAL AID FUNDS AND EXIM ARE REAL BUT LIMITED. I WOULD LIKE DEPARTMENT AND AID TO EXPLORE WHAT MAY BE DONE IN THIS AREA. SHOULD WASHINGTON AGENCIES AGREE THAT MORE CONSULTATION WITH KFAED AND AFESD ARE IN ORDER, WE COULD PROVIDE MORE DETAILED RECOMMENDATION.
STOLTZFUS

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